

Alaska Housing Finance Corporation

Legislature passes bill to attract teachers, nurses to Alaska

A program designed to help attract and retain teachers and nurses in rural Alaska has been authorized by the Alaska Legislature. In May, the Legislature passed a bill to allow AHFC to provide housing loans without a down payment to Alaska teachers, school personnel and registered nurses. The legislation creates a new AHFC option to provide housing loans to full-time teachers and nurses without a down payment. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing.

The bill also allows regional education areas to apply for AHFC's multi-family lending programs when building or purchasing housing for teachers.

The provision to extend the measure to nurses was added in the House at the request of Gov. Murkowski. Speaking in support of the bill, Rep. Peggy Wilson (R-Wrangell) said, "There is a huge gap in both [teachers and nurses]. We have vacancies at this time that we can't fill because we just don't have them in the state. So this is just another recruitment and retention tool that we can use in our toolbox." Gov. Murkowski signed the bill into law on June 18. Also on the horizon, U.S. Sen. Lisa Murkowski has introduced a bill to provide \$50 million in grants to small-population states for school districts to acquire, build or rehabilitate rural housing for teachers or other staff. Following public hearings, AHFC anticipates making the 100 percent financing option available to teachers and nurses by the end of August.

This year, AHFC...

- Received three national awards and a local award for the Assistance Provider Interest-Rate Reduction program for enhancing the quality of life for Alaskans who experience a developmental disability.
- Helped nearly 6,000 Alaskans purchase or refinance homes with \$894 million in loans. Of that, \$333.6 million went to 2,153 first-time home buyers.
- Brought to more than \$70 million the amount of AHFC multi-family loan financing obtained by leveraging federal grants and tax credits. Since 1994, AHFC has provided \$368 million in low-interest loans, many combined with grants and tax credits, to assist developers in building and/or upgrading nearly 9,000 units of rental housing in 27 communities throughout the state.
- Formed a partnership with the Tagiugmiullu Nunamiullu Housing Authority to provide rental assistance to 30 low-income families in Barrow and Browerville under the Housing Choice Voucher program.
- Awarded \$5.6 million in grants and federal tax credits to produce 264 rental housing units under the Low-Income Housing Tax Credit Program, Senior Citizens Housing Development Fund and HOME programs.
- Completed weatherization upgrades on nearly 900 units, benefiting more than 1,500 elderly and disabled Alaskans and children under 5 years of age.
- Conducted 254 free home-buying seminars in 43 communities, attracting 4,455 Alaskans. Continuing education classes also were held in six communities for nearly 200 realtors and builders.
- Provided 187 veterans with low-interest home loans totaling \$38.7 million. In November 2002, Alaskans voted by more than 70 percent to reauthorize new bonds to continue the Veterans Mortgage Program.
- Increased the number of HUD Section 8 vouchers from fewer than 2,500 in 1994 to more than 4,000 in 2002 for the 12 communities served by the program. Nearly \$20 million a year is paid to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income.
- Since 1994, transferred more than \$850 million in equity to the State of Alaska after paying all of AHFC's operating and capital expenditures. AHFC's assets now total \$5.3 billion.

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Daniel Fauske
CEO/Executive Director



Frank Roppel
AHFC Board Chair

Dear Alaskans...

Interest rates for home loans remind me of a dance craze borrowed from the West Indies in the early 1960s. As the limbo bar inched down, the point was to see how low you could go.

How low can interest rates go? No one knows for sure. But this extended period of low interest rates – the lowest in 30 years – is largely responsible for the continuing boom in housing. Low rates mean that home buyers can afford a lot more home for their money. And, of course, low mortgage rates mean homeowners are refinancing at record rates and saving money on their monthly payments. All of this activity benefits Alaskans, from builders to borrowers to lending institutions to the economy in general.



This past year has seen other good news in the housing world. The Alaska Legislature and Governor Murkowski approved legislation to improve the housing situation for Alaska's teachers and nurses. Under the new loan option, AHFC can offer no-down loans to teachers and nurses purchasing owner-occupied, single-family homes. The hope is that this program will help Alaska keep teachers longer, since housing has been cited as one of the major issues behind high teacher turnover in rural Alaska.

There's exciting work going on at the University of Alaska Fairbanks, home of the Cold Climate Housing Research Center (see article on page 4). Through grants and partnerships, AHFC is working with the Center on several projects with implications for all Alaskans.

While Alaskans face the challenge of surmounting the state's fiscal gap, good things are happening all over Alaska. Our homes are getting better and safer, non-oil sectors of the economy are maturing and Alaskans remain optimistic about the future of our state.

Daniel R. Fauske

Daniel R. Fauske
CEO/Executive Director

Frank Roppel

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AHFC Board Chair



Low interest rates make rural refinancing program more attractive

With interest rates at historic lows during the past year, refinancing has become an increasingly popular – and financially smart – option for Alaskans. Beginning in October 2002, AHFC's rural refinance program has made the process easier for hundreds of rural residents. Average monthly savings have been as much as \$207 per month for some borrowers, which equates to cumulative savings of \$2 million. AHFC currently reports more than 5,600 active home loans in rural communities totaling \$800 million.

Owner-occupied single-family, condo and multi-unit residences qualify for the 15- or 30-year fixed-interest-rate loans, and the cost of renovations and/or improvements can be rolled into the new loan. The maximum loan amount is limited to the current unpaid balance, plus up to 30 days' unpaid interest and new loan closing costs.



Three-year military construction project to be completed in late August

The final phase of a major renovation and construction project of housing units at Elmendorf Air Force Base outside Anchorage will be completed in late August. Beginning in 2001, AHFC has partnered with JL Properties of Anchorage, Hunt Building Corporation of El Paso, Texas, and other local investors to undertake the biggest overhaul of military housing in Alaska.

"AHFC's mission is to find innovative solutions to providing safe, affordable housing to all Alaskans," AHFC CEO/Executive Director Dan Fauske said. "We were delighted that we could help bring the resources and expertise together to take on a project of such scope." The project involved building or remodeling 620 units with a total budget of \$85 million.

The Elmendorf project is part of a national initiative by the military to improve housing for military personnel through incentives to private developers. "This is the largest Air Force privatization project to date and the first in Alaska," Jon Rubini of JL Properties said. "AHFC's involvement helped make the Elmendorf project one of the first of its kind in the nation. It was exciting to be part of an effort that benefited not just military personnel but the local economy as a whole."

The first new townhouse-style homes – called Silver Run – were completed in December 2001. A major remodel of the existing Chugach Housing complex and construction of 252 new units in the South Provider complex were completed in fall 2002. The 176-unit Dallas Housing complex was demolished in 2002 to make room for construction of 24 new duplexes – which represent the final phase of the project. Residents were expected to take occupancy in late August.

Interest in free HomeChoice seminars grows

With interest rates low, more Alaskans are realizing the dream of homeownership. But buying a home can be intimidating, even if you've been through the process before. So how attractive would a homebuyers' seminar be if you knew the \$250 commitment fee would be waived if you purchase a home within two years of receiving the completion certificate?

As more Alaskans participate in the Home**Choice** seminars, word has spread about the increasingly popular program. In 2003, AHFC held 254 workshops in 43 communities throughout the state, with certificates of completion issued to nearly 4,000 prospective homebuyers. Participants report that they find attending a Home**Choice** seminar before shopping for a home gives them valuable knowledge to save money and make smarter decisions.

The seminars cover such topics as:

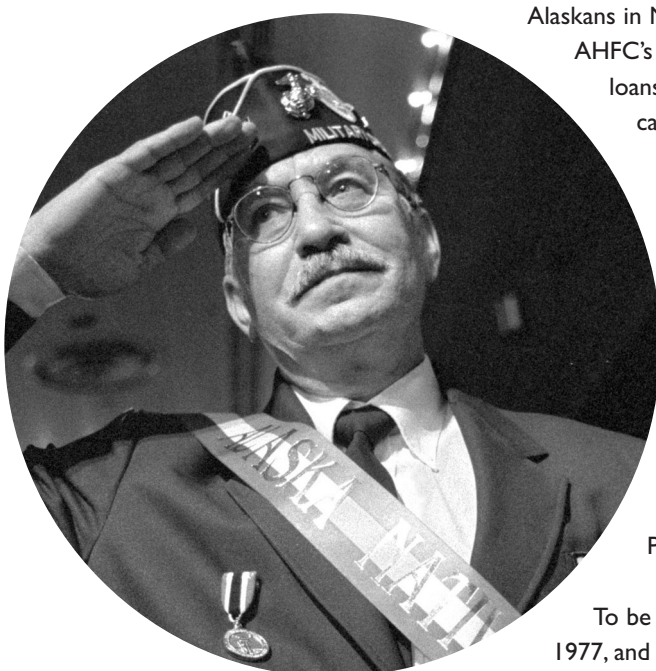
- the range of loan options available;
- money management and budgeting;
- local real estate market conditions;
- earnest-money agreements;
- home inspections;
- pros and cons of homeownership;
- how to obtain a home loan;
- how to work with a real estate agent;
- how title insurance works; and
- why energy efficiency is important.

In smaller rural communities, AHFC offers an abbreviated course called Home**Options**. For more information about Home**Choice** seminars or Home**Options** classes in your community, call AHFC at (907) 330-8437 or (800) 459-2921 toll-free, or visit www.ahfc.state.ak.us.



The Timothys — Shane and Amber and their son, Reese — are one of four Juneau families to become home owners under an innovative new program offered by Housing First and the Juneau Housing Trust. With housing costs in Juneau among the highest in the state, this program keeps housing costs low by having the Trust retain ownership of the land. AHFC provided a \$196,000 grant to Juneau Housing under the HOME Investment Partnership Program GOAL Homeownership Development component.

Alaskans overwhelmingly approve Veterans Mortgage Program bonds



Alaskans in November 2002 passed a \$500 million bonding proposition by more than 70 percent to continue AHFC's Veterans Mortgage Program. The program uses funds raised by bond sales to finance low interest loans for qualifying veterans. Because the mortgage payments are used to service the bond debt, AHFC can provide the program at no cost to the State of Alaska.

"It's inspiring to see that Alaskans support giving back to those who have served our country," AHFC CEO/Executive Director Dan Fauske said. "This program is an efficient way to help our veterans achieve the goal of homeownership."

Since 1983, Alaska has been one of only five states to provide this financing to our nation's veterans. Through the Veterans Mortgage Program, AHFC has helped more than 9,500 veterans obtain loans to achieve homeownership. The other states with similar programs are Oregon, California, Texas and Wisconsin.

AHFC has issued more than \$2.1 billion in bonds to fund the Veterans Mortgage Program. The authority to issue bonds for the program requires voter approval.

To be eligible, a veteran must have entered active duty service prior to January 1, 1977, and been honorably discharged no more than 30 years prior to the loan commitment date. On June 30, 2003, U.S. Sen. Lisa Murkowski announced that she has introduced legislation to update the 1982 law and remove the restriction that limits eligible veterans to those who began active duty more than two decades ago.

If this legislation does pass Congress, along with the bond authorization approved by Alaskan voters in November, AHFC could offer the program to a great many more veterans.

AHFC funds cold-climate housing research

Since 2001, AHFC has funded research on housing issues in cold climates through the Cold Climate Housing Research Center, an industry-based, non-profit corporation created to facilitate the development, use and testing of energy-efficient, durable, healthy and cost-effective building technologies for cold-climate regions.

Alaska offers an excellent testing ground for cold-climate technologies and products. Our geography provides the full range of climatic conditions a researcher would encounter across the northern U.S. – from the windy, cool, wet weather on the northeastern and northwestern states to the very cold, snowy conditions across the northern plains and Rocky Mountain regions. In addition, Alaska's cold season lasts for six months or longer in any given year, allowing ample time for researchers to conduct experiments and evaluations of housing performance.

AHFC has helped the center, located in Fairbanks, obtain more than \$2 million in funds. The center conducts research on such issues as mold, causes and prevention of upper respiratory illness in children, ventilation, heat recovery systems, energy efficiency and performance of various building materials. Research results are used to improve the quality and safety of housing not only in Alaska but throughout the world's cold climates.



AHFC is the critical link in Alaska's multi-family market

Since 1994, AHFC has financed \$368 million in 438 multi-family projects. That equates to 9,445 units of affordable rental housing in 27 communities throughout Alaska. Whether you live in Anchorage with its increasing population density or in rural Alaska, where multi-family construction is often more economical than single-family homes, chances are good that AHFC was involved in financing your home.

"While funding safe, affordable housing is a priority for the state and federal governments, there isn't always enough money in one pot to build a project," says Dan Fauske, AHFC CEO/Executive Director. "We've learned that combining resources often means the difference between getting a building or not. It's the power of partnerships and, usually, everyone benefits."

AHFC often is the catalyst that makes things happen. AHFC has partnered with federal and private funding organizations to issue low-income housing tax credits or low-interest-rate loans to developers and non-profits for multi-family and senior housing. Since 1987, through the Low-Income Housing Tax Credit Program, AHFC has allocated \$12 million in tax credits for the development of 2,225 units of multi-family rental housing in 22 communities across Alaska.

In Anchorage, for example, as available land becomes increasingly scarce, new construction is trending more and more toward multi-family and condo units, with fewer than half the new construction for the year expected to be single-family units.

One of the 94 loans AHFC provided this year was a \$620,000 tax-exempt loan to RurAL CAP to buy and rehabilitate two eight-plexes. The Bragaw Apartments, located in the Mountain View area of Anchorage, provide long-term, affordable housing for tenants graduating from transitional housing to self-sufficiency. RurAL CAP set aside 40 percent of the units for tenants whose income is 60 percent or less than the median.

Supplemental Housing Development Grants provide matching funds to regional housing authorities for projects funded by HUD. Since HUD funds are inadequate for the high cost of construction in many parts of the state, the AHFC funds pay for infrastructure development and energy-efficiency construction and materials. Since FY93, AHFC has provided \$112.7 million in grants to build 7,857 home ownership and rental homes under this program.



Get More Info

Most Loan Programs: Call your lender

Rural Loans: Call your local lender or AHFC at 1-800-478-4585

Home**Choice** Seminars: (907) 330-8437 or

(outside Anchorage) 1-800-459--2921 or www.ahfc.state.ak.us

General Information: (907) 338-6100 or

(outside Anchorage) 1-800-478-2432 or www.ahfc.state.ak.us

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